

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EAE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 SAM-01 COME-00 EB-07 LAB-04 SIL-01

AGR-05 OMB-01 TRSE-00 /080 W
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P R 071306Z JAN 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 6467

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

CINCPAC HONO

COMUSMACTHAI

S E C R E T SECTION 1 OF 2 BANGKOK 0369

CINCPAC ALSO FOR POLAD

E.O. 11652: DS

TAGS: PGOV, PINT, ELAB, TH

SUBJECT: THE GENERAL STRIKE AND ITS AFTERMATH

REF: A. BANGKOK 0260; B. BANGKOK 0166; C. BANGKOK 0063
D. BANGKOK 0051; E. BANGKOK 26894

SUMMARY: FULL INFORMATION IS NOT YET AVAILABLE BUT IT LOOKS AS
THOUGH NO ONE REALLY CAME OUT OF THE LATEST CRISIS A WINNER.
ORGANIZED LABOR FAILED TO GAIN ITS FULL DEMANDS BUT PROBABLY
CAME OUT AHEAD; THE POLITICAL OPPOSITION AGAIN SHOWED ITS
WEAKNESS AND VULNERABILITIES; AND KHUKRIT, HAVING MISHANDLED
THE RICE PRICE ISSUE INITIALLY, CAME THROUGH IN THE END WITH
AN ACCEPTABLE COMPROMISE. WE DO NOT BELIEVE, HOWEVER, THAT
THE LAST HAS BEEN HEARD ON THIS ISSUE, AND KHUKRIT HAS LOST
GROUND IN THE SENSE THAT INCREASING NUMBERS OF THAIS ARE
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CONCERNED ABOUT WHAT THEY VIEW AS AN ABSENCE OF STRONG

LEADERSHIP ON KEY ISSUES. END SUMMARY.

1. PRIME MINISTER KHUKRIT PRAMOT DANCED THROUGH THE MINEFIELD OF PROBLEMS MENTIONED IN REFTEL E WITH LIFE AND LIMB INTACT BUT HE UNDOUBTEDLY LOST SOME STATURE WITH ALL SEGMENTS OF THE POPULACE BY HIS HANDLING OF THE PROBLEMS. IN THE MAJOR CONFRONTATION, KHUKRIT ABANDONED HIS EARLIER DETERMINATION TO HOLD THE LINE ON RICE. BY DOING SO HE STRAINED HIS RELATIONSHIP WITH FINANCE MINISTER AND ECONOMIC STRONGMAN IN THE CABINET, BUNCHU ROCHANASATHIAN, WHO WAS THE FATHER OF THE PRICE RISE PLAN. THIS WILL ALSO HAVE A NEGATIVE EFFECT ON FOREIGN INVESTORS ALREADY CONCERNED THAT THE RTG REACTS INEPTLY TO LABOR PRESSURES.

2. ORGANIZED LABOR IN THAILAND CONSIDERS THAT IT SCORED A VICTORY IN ITS "GENERAL STRIKE" AIMED AT FORCING THE GOVERNMENT TO WITHDRAW ITS PLANNED INCREASE IN THE RICE AND SUGAR PRICES. IN THE LATE AFTERNOON OF TUESDAY, JANUARY 7, THE PRIME MINISTER SAT DOWN WITH THE PRESIDENT OF THE FEDERATION OF LABOR UNIONS OF THAILAND (FLUT), PAISAN THAWATCHAINAN, AND SIGNED AN AGREEMENT WHEREBY THE GOVERNMENT AGREED TO CANCEL THE RICE AND SUGAR PRICE HIKE, SPEED UP LAND REFORM, PROMOTE CO-OPERATIVES, IMPROVE THE FUNCTIONING OF THE BANK OF AGRICULTURE AND AGRICULTURAL CO-OPERATIVES (BAAC) THROUGH LOW INTEREST LOANS WITH LONG-RANGE AND REPAYMENT TERMS, AND APPOINT A COMMITTEE OF STUDENTS, LABOR, RICE FARMER AND GOVERNMENT REPRESENTATIVES TO STUDY THE ECONOMICS OF RICE PRICING POLICY.

3. AS A RESULT OF THESE EFFORTS, FLUT AND LABOR IN GENERAL HAVE BECOME A FORCE TO BE RECKONED WITH. THE FLUT ORGANIZATION HAS BEEN TESTED UNDER FIRE AND CAN BE EXPECTED TO WEIGH IN ON MANY POLITICAL AND ECONOMIC ISSUES AFFECTING THE WORKING MAN AND HIS ROLE IN THAILAND'S DEMOCRATIC SYSTEM. THE OFT POSTPONED BUT STILL PENDING PRICE BOOST FOR PETROLEUM PRODUCTS IS LIKELY TO ARISE IN THE NEAR FUTURE. ORGANIZED LABOR WILL ALMOST CERTAINLY OPPOSE THE PRICE INCREASE AND DEMAND THE REFINERS, RETAILERS AND GOVERNMENT ABSORB THE ADDED COSTS.

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4. THE DIRECT IMPACT ON THE NATIONAL BUDGET OF KEEPING THE LID ON THE RETAIL RICE PRICE WILL NOT BE SIGNIFICANT AT LEAST IN THAI FISCAL YEAR 1976 (ENDING SEPTEMBER 30). ASSUMING THAT THE SAME AMOUNT OF RICE IS DISTRIBUTED THIS YEAR AS LAST AND THAT THE SPREAD BETWEEN PADDY PRICE AND FIXED RETAIL PRICE DOES NOT CHANGE FOR THE REST OF THE CALENDAR YEAR 1976, THIS WOULD COST THE GOVERNMENT UPWARDS OF \$13 MILLION (IN A \$3,100 MILLION BUDGET). THIS IS BASED ON THE

ASSUMPTION THAT THE RTG LIMITS SALE OF CHEAP RICE TO PEOPLE EARNING 1,000 BAHT OR LESS. IF THE AMOUNT OF RICE MOVING AT THE GOVERNMENT SUBSIDIZED PRICE WERE TO INCREASE, THE COST WOULD NATURALLY BE HIGHER. IF PAST PERFORMANCE IS A GUIDE, THE MORE LIKELY OUTCOME IS THAT THE PADDY PRICE PAID TO FARMERS WILL NOT HOLD AND THAT THE COST TO THE GOVERNMENT WILL BE LESS.

5. IT LOOKS AS THOUGH A MAJOR CASUALTY OF THE GOVERNMENT'S RETREAT IS THE ATTEMPT TO RAISE RURAL INCOMES. THAILAND'S FARMERS HAVE HAVE LONG SUBSIDIZED THE RICE PRICES OF THE CITY DWELLERS THROUGH THE GOVERNMENT'S POLICY OF KEEPING THE DOMESTIC PRICE OF RICE LOW. TO ENCOURAGE PRODUCTION AND INCREASE RURAL INCOMES A HIGHER RETURN TO RICE FARMERS IS NECESSARY. THE INTERESTS OF RICE FARMERS AND URBAN WORKERS CLEARLY DO NOT COINCIDE ON RICE PRICES. WHEN THE KHUKRIT GOVERNMENT MADE ITS DECISION TO INCREASE RICE PRICES, IT REALIZED, OR AT LEAST SHOULD HAVE REALIZED, THAT THERE WOULD BE URBAN OPPOSITION. THIS WAS THE FIRST TIME THE ISSUE WAS DRAWN THAT IF RURAL INCOMES ARE TO RISE, SOMEBODY WILL HAVE TO PAY. THE GOVERNMENT DREW THE LINES WHEN IT ANNOUNCED THE INCREASE BUT RETREATED WHEN THE OPPOSITION ATTACKED.

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 6468

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AHEMBASSY MANILA 984

AMEMBASSY SINGAPORE

CINCPAC HONO

COMUSMACTHAI

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CINCPAC ALSO FOR POLAD

6. BY ANNOUNCING THE PRICE RISES WELL IN ADVANCE, THE GOVERNMENT ALLOWED OPPOSITION TO BUILD AND SUSPICION TO GROW THAT SOME GOVERNMENT OFFICIALS MIGHT BE ON THE TAKE. FACED WITH MOUNTING CRITICISM THE GOVERNMENT ANNOUNCED ITS CHEAP RICE AND FOOD STAMP PROGRAMS. NO COORDINATED PROGRAM TO INFORM THE PUBLIC WAS LAUNCHED. THIS DEFECT HAD BEEN A FACTOR IN THE OPPOSITION'S ATTEMPT TO CONVENE AN EXTRAORDINARY SESSION OF THE PARLIAMENT. THE OPPOSITION AND THOSE DISSIDENTS IN THE UNITED PARTIES (UP) WHO WANTED POSTS IN THE NEW CABINET LONG PROMISED BY KHUKRIT, CONSIDERED THE TIME RIPE FOR POSSIBLE SUCCESS AND MAXIMUM PRESSURE ON KHUKRIT. KHUKRIT WAS ABLE TO UNDERMINE THE OPPOSITION, BUY OFF THE SOCIAL AGRARIANS AND DISSIDENT UP GROUPS, WITH PROMISES OF CABINET POSTS, BUT HE WAS FORCED TO USE ONE OF HIS TRUMP CARDS, THE CABINET RESHUFFLE, SOONER THAN HE WOULD HAVE WANTED.

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7. ACCORDING TO THE LATEST INFORMATION AVAILABLE TO THE EMBASSY, KHUKRIT IS HOLDING UP A CABINET RESHUFFLE LIST APPROVED BY THE UNITED PARTIES FOR FURTHER STUDY. SPECULATION IS THAT MAJOR CHANGES PROBABLY WILL BE THE ADDITION OF FOUR SOCIAL AGRARIAN PARTY MEMBERS, INCLUDING DEPUTY PARTY LEADER SAWAT KHAMPRAKOP AS MINISTER OF PUBLIC HEALTH, THE SWITCHING OF BUNTHENG THONGSAWAT FROM INTERIOR TO JUSTICE MINISTER, WITH KHUKRIT ASSUMING TEMPORARILY THE INTERIOR PORTFOLIO. IF SUCH A SHUFFLE TAKES PLACE THERE WILL BE NO MAJOR CHANGES IN GOVERNMENT POLICY OR OUTLOOK.

8. THE OPPOSITION MOVE TO CONVENE AN EXTRAORDINARY SESSION OF PARLIAMENT IN ORDER TO MOVE FOR A VOTE OF NO-CONFIDENCE IN THE GOVERNMENT IS DEAD FOR THE MOMENT BECAUSE OF KHUKRIT'S MANEUVERINGS. HOWEVER, THE GOVERNMENT MAY CALL FOR AN EXTRAORDINARY SESSION IN ORDER TO HAVE APPROPRIATE HOUSE COMMITTEES STUDY ITS PRICE POLICIES. BUT AS OF THE EVENING OF 7 JANUARY THIS HAS NOT BEEN CONFIRMED.

7. COMMENT: KHUKRIT'S HANDLING OF THESE PROBLEMS HAS TARNISHED HIS IMAGE. IN THIS INSTANCE HE APPEARED TO BE MORE A POLITICIAN STRUGGLING TO STAY IN OFFICE, THAN A STATESMAN MANFULLY STRUGGLING TO FIND THE ANSWERS TO

HIS NATION'S PROBLEMS. AND HE HAS ADDED FUEL TO THE DIS-GRUNTLEMENT OF THE CONSERVATIVE ELEMENT IN HAI SOCIETY, WHO THOUGHT HE SHOULD HAVE STOOD UP TO AND MORE FORCEFULLY DEALT WITH THE STRIKERS.

8. KHUKRIT PAID A PRICE. BUT HE HAS SURVIVED. HE AVOIDED CONFRONTATION WHICH COULD HAVE LED TO VIOLENCE AND MARTIAL LAW. HE DEFTLY HANDLED THE POLITICAL CHALLENGE. KHUKRIT WILL CONTINUE TO SURVIVE AT LEAST FOR THE NEAR FUTURE BECAUSE THERE ARE NO ALTERNATIVE LEADERS ON THE HORIZON CAPABLE OF PUTTING TOGETHER A VIABLE COALITION GOVERNMENT. ALL ELEMENTS OF THE MISSION JUDGE A COUP UNLIKELY UNLESS AND UNTIL THE SITUATION IN THAILAND DETERIORATES CONSIDERABLY. THERE IS NO LOGICAL NON-MILITARY FIGURE WITH THE STATURE, POLITICAL SKILL AND CAPITAL OF KHUKRIT TO
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TAKE THE REIGNS OF GOVERNMENT AT THIS TIME. SO KHUKRIT REMAINS THE MAN OF THE HOUR IN THAILAND, BUT HIS IMAGE AS A DECISIVE LEADER HAS BEEN FURTHER TARNISHED AND WE EXPECT PRESSURE GROUPS TO CONTINUE TO TAKE ADVANTAGE OF HIS UNWILLINGNESS TO ADOPT FORCEFUL STANDS ON PRESSING NATIONAL ISSUES.
WHITEHOUSE

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